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TO RUEHC/SECSTATE WASHDC PRIORITY 1727

INFO RUEHZA/ASIAN PACIFIC ECONOMIC COOPERATION PRIORITY

RUEHRL/AMEMBASSY BERLIN PRIORITY 1623

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RUCPDOC/USDOC WASHDC PRIORITY

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SUBJECT: JAPANESE INFO-TECH STIMULUS PLAN

REF: TOKYO 476

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**¶1.** (SBU) Summary: The GOJ has released for public comment a draft IT stimulus plan, which focuses on near-term objectives, as well as new ideas. Major challenges such as digitizing government information and deploying IT infrastructure to the healthcare community represent significant business opportunities, and U.S. businesses are keenly interested. Senior Japanese policy makers also actively reached out to the American Chamber of Commerce (ACCJ) for substantive inputs prior to public release of the draft plan. End summary.

Using the Economic Downturn to Advance Needed IT Measures

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**¶2.** (SBU) Economic stimulus recently has been the focus of considerable public debate and there are several different plans proposing measures to do so. One such plan is the New Strategy 3-year Emergency Plan (draft), which the government recently released for public comment. Drafted by an advisory body to the IT Strategy Headquarters (ITSH), the plan draws from previous GOJ IT Strategic Plans and seeks to focus on practical near-term objectives, according to ITSH Counselor Toru Yamauchi.

**¶3.** (SBU) The plan outlines measures in the areas of: e-government, healthcare, environment, and knowledge and content industries, and seeks economic and social benefits by promoting greater adoption and utilization of IT technologies and the Internet economy. Despite the opportunity for change presented by the current economic downturn, Yamauchi noted the challenges associated with advancing measures that require agreement across a range of stakeholders.

Proposed IT Stimulus Measures

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**¶4.** (U) One priority identified by both the GOJ and U.S. business is Healthcare IT. The plan proposes using core local hospitals to establish an IT backbone through which the larger healthcare community can interact. This would mean funding to expand on existing systems and, more importantly,

dealing with the challenges of digitizing patient records, assuring interoperability, supporting deployment, training healthcare providers, and adequately protecting patient information.

¶5. (U) The 2008 political scandal concerning over 50 million lost pension records was but one high-profile case supporting the need for change. While not actually lost, the records were garbled, keeping administrators from matching records with beneficiaries. As Japan worries about the future of its graying society, reforms such as these represent both an economic opportunity and a social imperative.

¶6. (U) Another priority is e-government, an umbrella for changes to both central and local governments. The plan proposes, for example, establishing a central government "'Kasumigaseki' IT cloud." Drafters advocate ministries moving toward using common IT infrastructure, sharing not only hardware and applications but also some information. This could provide huge potential savings, improve coordination and transparency, and provide the public with a single window to government services. Key elements of the proposal would include digitizing government information to a common format, as well as creating an electronic post office through which citizens can receive public notices and interact with ministries.

¶7. (SBU) The plan openly acknowledges major challenges to the proposal, including digitization, accessibility, and utilization. Digitization represents not only the daunting technical task of digitizing and organizing mountains of public information, but the political difficulties of agreeing on common formats, and taking control of information out of the hands of multiple layers of bureaucrats. Another

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obstacle is the Japanese public's concern over privacy, a major reason Japan's citizens still do not have a single national ID. Given anticipated resistance, implementing the plan will likely require external pressure from the public and industry.

¶8. (U) Japan would also like to promote new industries, in particular environmental and knowledge-creation industries. Specific recommendations include promoting environmentally-friendly data centers and Intelligent Transport Systems. The report notes business opportunities associated with digitizing local government information, and distributing digital content and advertising in transportation systems and public facilities. Japanese commuters are already a captive audience for advertising on trains and even in some taxis.

#### Benefits from New IT Measures

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¶9. (SBU) According to an estimate in the plan, an investment of 3 trillion yen into the programs outlined would generate 400,000-500,000 new jobs. Yamauchi advised ITSH is seeking support for some of these measures also from other groups, such as the Council on Economic and Fiscal Policy (CEFP), looking at possible stimulus measures.

¶10. (SBU) While GOJ outreach to U.S. business for inputs is positive, and U.S. business is very interested in prospective commercial opportunities, it remains unclear to what extent foreign firms may benefit. Historically, Japanese firms have enjoyed most of the advantages from such programs, but implicit in this plan is the expectation that Japan must adjust to new ways of doing business in order to achieve the desired economic benefits.

ZUMWALT